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Pleasant Hill-Crossroads Water System, Inc.  
Joyce, Louisiana

ANNUAL FINANCIAL REPORT  
For the Year Ended December 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/4/10

**Pleasant Hill-Crossroads Water System, Inc.**  
**Joyce, Louisiana**  
**General Purpose Financial Statements**  
**and Accountant's Review Report**  
**As of and For the Year Ended December 31, 2009**

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# Kenneth D. Folden & Co.

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To the Board of Directors of  
Pleasant Hill-Crossroads Water System, Inc.

We have reviewed the accompanying statement of financial position of the Pleasant Hill-Crossroads Water System, Inc. (a Non-Profit Corporation), as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Pleasant Hill-Crossroads Water System, Inc..

A review consists principally of inquiries of Pleasant Hill-Crossroads Water System, Inc.'s personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



KENNETH D. FOLDEN & CO.

May 15, 2010

## Schedule A

Pleasant Hill-Crossroads Water System, Inc.  
 Joyce, Louisiana  
**STATEMENT OF FINANCIAL POSITION**  
 As of December 31, 2009

12/31/09

**ASSETS****CURRENT ASSETS**

Cash-Bank of Winnfield	\$	21,653
Bank - Grant		30,713
Time Deposits and Investments		42,109
Time Deposit-USDA Reserve		18,643
Customer Deposits		4,200
Accounts Receivable		489
<b>TOTAL CURRENT ASSETS</b>		<u>117,807</u>

**PROPERTY, PLANT & EQUIPMENT**

Land (Lot)		2,000
Water Well and Distribution		614,161
Water Well 2009		392,333
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>		<u>1,008,494</u>
<b>LESS: ACCUMULATED DEPRECIATION</b>		<u>(313,535)</u>
<b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>		<u>694,959</u>

**OTHER ASSETS****TOTAL OTHER ASSETS****TOTAL ASSETS**\$ 812,766**LIABILITIES AND NET ASSETS****CURRENT LIABILITIES**

Notes Payable- Current	\$	5,265
Customer Deposits		4,200
<b>TOTAL CURRENT LIABILITIES</b>		<u>9,465</u>

**LONG-TERM LIABILITIES**

Note Payable - Long Term		186,921
Note Payable-URAF 9474		75,049
Note Payable-URAF 8768		72,975
<b>TOTAL LONG-TERM LIABILITIES</b>		<u>334,945</u>

**TOTAL LIABILITIES**344,410**NET ASSETS**

Unrestricted		419,643
Temporarily restricted		30,713
Permanently restricted		18,000
<b>TOTAL NET ASSETS</b>		<u>468,356</u>

**TOTAL LIABILITIES AND NET ASSETS**\$ 812,766

See accompanying notes and accountant's report.

Pleasant Hill-Crossroads Water System, Inc.  
 Joyce, Louisiana  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2009**

	<u>December 31, 2009</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues</b>				
Water Sales	\$ 54,864	\$ -	\$ -	\$ 54,864
Connecting Fees	250	-	-	250
Transfer Fees	105	-	-	105
Interest Revenue	1,645	-	-	1,645
Miscellaneous Revenue	783	-	-	783
Grant Revenue - State	-	245,368	-	245,368
<b>TOTAL REVENUES</b>	<u>57,647</u>	<u>245,368</u>	<u>-</u>	<u>303,015</u>
<b>Expenses</b>				
<b>Program services</b>				
Program Services	48,615	-	-	48,615
<b>Supporting services</b>				
Management and General	20,332	-	-	20,332
<b>TOTAL EXPENSES</b>	<u>68,947</u>	<u>-</u>	<u>-</u>	<u>68,947</u>
<b>Net Assets Released from Restrictions</b>				
Grant funds used for construction in progress	349,159	(349,159)	-	-
<b>CHANGE IN NET ASSETS</b>	<u>337,860</u>	<u>(103,791)</u>	<u>-</u>	<u>234,068</u>
<b>NET ASSETS AT BEGINNING OF PERIOD</b>	<u>81,784</u>	<u>134,504</u>	<u>18,000</u>	<u>234,288</u>
<b>NET ASSETS AT END OF CURRENT PERIOD</b>	<u>\$ 419,644</u>	<u>\$ 30,713</u>	<u>\$ 18,000</u>	<u>\$ 468,356</u>

See accompanying notes and accountant's report.

Pleasant Hill-Crossroads Water System, Inc.  
 Joyce, Louisiana  
**STATEMENT OF FUNCTIONAL EXPENSES**  
 For the Year Ended December 31, 2009

	December 31, 2009		
	PROGRAM SERVICES	SUPPORT SERVICES	Total Expenses
	Water Service	Management and General	
Advertising	\$ -	\$ 658	\$ 658
Accounting and Billing	-	3,350	3,350
Continuing Education	-	205	205
Contract Labor	7,628	-	7,628
Depreciation	17,970	-	17,970
Dues & Subscriptions	-	275	275
Insurance	-	3,252	3,252
Interest Expense	12,435	-	12,435
Legal & Accounting	-	1,500	1,500
Miscellaneous	-	3,145	3,145
Office supplies	-	2,863	2,863
Postage	-	1,022	1,022
Rent	-	100	100
Repairs and Maintenance	4,268	-	4,268
Supplies	-	-	-
System Supplies	2,872	-	2,872
Taxes & Licenses	17	-	17
Telephone	-	1,577	1,577
Travel	-	2,384	2,384
Utilities	3,425	-	3,425
<b>TOTAL EXPENSES</b>	<b>\$ 48,615</b>	<b>\$ 20,332</b>	<b>\$ 68,947</b>

See accompanying notes and accountant's report.

Pleasant Hill-Crossroads Water System, Inc.  
 Joyce, Louisiana  
**STATEMENT OF CASH FLOWS**  
 For the Year Ended December 31, 2009

12/31/09

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 234,068
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	17,970
Grant Income	(245,368)
Change in Operating Assets and Liabilities:	
Accounts Receivable	3,859
Accounts Payable	(5,376)
Member Deposits	450
Total Adjustments	<u>(228,465)</u>
Net Cash Provided by (Used in) Operations	5,603

**CASH FLOWS FROM INVESTING ACTIVITIES**

Capital Expenditures	<u>(347,742)</u>
Net Cash Provided By (Used In) Investing Activities	(347,742)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Notes Payable Principal Payments	(5,266)
Grant Income	<u>245,368</u>
Net Cash Provided By (Used In) Financing Activities	<u>240,102</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS** (102,037)

**CASH - BEGINNING OF YEAR** 219,355

**CASH - END OF YEAR** \$ 117,318

See accompanying notes and accountant's report.

**NOTES TO FINANCIAL STATEMENTS**



## PLEASANT HILL-CROSSROADS, LOUISIANA

### Notes to the Financial Statements

As of and for the Year Ended December 31, 2009

#### 1. The Reporting Entity:

The Pleasant Hill-Crossroads Water System, Inc. was formed as a non-profit corporation on a non-stock basis under the provisions of Title 12, Sections 201-209, of the Louisiana Revised Statutes on January 1, 1988. The Corporation was formed for the mutual benefit of its members to construct, maintain, and operate a private water system providing a supply of water to its membership. Persons who are owners or part owners, or have a substantial possessory interest in property desired to be served by the corporation's water system shall be admitted as members. The voting power and property rights and interest of each member whose fees are fully paid and who is in good standing shall be equal and each member shall be entitled to one (1) vote only regardless of the number of membership certificates held.

#### 2. Summary of Significant Accounting Policies:

The accounting and reporting policies of the Pleasant Hill-Crossroads Water System, Inc., conform to generally accepted accounting principles as applicable to non-profit organizations, and are applied on a consistent basis between periods.

The following is a summary of certain significant accounting policies and practices:

##### A. Financial Statement Presentation -

The Pleasant Hill-Crossroads Water System has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Pleasant Hill-Crossroads Water System is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Pleasant Hill-Crossroads Water System is required to present a statement of cash flows.

##### B. Basis of Accounting - The Pleasant Hill-Crossroads Water System uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Purchase of various operating supplies are regarded as expenditures at the time purchased.

##### C. Budgets and Budgetary Accounting - The Pleasant Hill-Crossroads Water System, Inc. is not required to adopt a budget. Accordingly, no budget comparisons have been presented.

##### D. Fixed Assets - The Pleasant Hill-Crossroads Water System has depreciable fixed assets that are depreciated over the estimated useful life of the related asset. Depreciation is computed on the straight line basis.

##### E. Investments - Investments are stated at cost. However, the Pleasant Hill-Crossroads Water System, Inc. held no investments during the years presented herein.

##### F. Cash Equivalents - For purposes of cash flows, cash equivalents include all highly liquid deposits and debt instruments acquired with maturities of three months or less.

**PLEASANT HILL-CROSSROADS, LOUISIANA**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2009**

G. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Retirement Commitments:

The Pleasant Hill-Crossroads Water System has no employees so there are no retirement commitments.

4. Lease Commitments:

There were no leases in effect during the year ended 2009.

5. Compensation Paid to Board Members:

The members of the Board of Directors receive no compensation for their services.

6. Cash and Investments:

At December 31, 2009, cash and cash investments totaled \$117,318. Of the amounts held in commercial banks, one hundred percent was covered by federal depository insurance.

Cash and investments are categorized below to give an indication of the level of risk assumed by the Pleasant Hill-Crossroads Water System at September 30, 2009. Category 1 includes cash that is held by the Pleasant Hill-Crossroads Water System, cash and investments that are insured or registered, or investments held by the Pleasant Hill Crossroads Water System or it's brokers in the Pleasant Hill-Crossroads Water System name. Category 2 would include uninsured and unregistered investments for which the securities are held by the broker's dealer's trust department or agent in the Pleasant Hill-Crossroads Water System name. Category 3 would include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Pleasant Hill-Crossroads Water System name.

	<u>Category</u>			<u>Carrying</u>	<u>Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>	<u>Value</u>
Cash-					
Demand Deposits	\$ 117,318	\$ -	\$ -	\$ 117,318	\$ 117,318

7. Income Taxes:

The Pleasant Hill-Crossroads Water System is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes have been made in the accompanying financial statements.

8. Unrestricted Net Assets:

The Pleasant Hill-Crossroads Water System has temporary restricted assets (\$30,713) related to grant money that must be used for system improvements. The water system has permanently restricted net assets (\$18,000) that is the reserve account required by the USDA loan.

**PLEASANT HILL-CROSSROADS, LOUISIANA**

**Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2009**

**9. Grants:**

The Pleasant Hill-Crossroads Water System received \$245,367 in grants from the State of Louisiana in the current fiscal year for system improvements.

**10. Contributions:**

The Pleasant Hill-Crossroads Water System has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor imposed restrictions. The water system has not received any contributions with donor-imposed restrictions.

**11. Donated Services, Materials, and Facilities:**

The Pleasant Hill-Crossroads Water System received no donated services or materials in the operation of the system in the current fiscal year. The water system does not use any donated facilities.

**12. Accounts Payable and Other Current Liabilities:**

The Pleasant Hill-Crossroads Water System has accounts payable and other current liabilities reported on the balance sheet at December 31, 2009 of \$9,465. This balance represents the current principal loan payment (\$5,265) and customer meter deposits (\$4,200).

**13. Accounts Receivable**

The Pleasant Hill-Crossroads Water System has accounts receivable reported on the balance sheet at December 31, 2009 of \$489.00. This represents receivables due from water customers. The water system serves approximately 200 residential and commercial customers.

**14. Litigation**

The Pleasant Hill-Crossroads Water System was not involved in any litigation as of December 31, 2009.

**15. Notes Payable**

The Pleasant Hill-Crossroads Water System has the following notes payable:

<u>Lender</u>	<u>Original Amount</u>	<u>12/31/2009</u>	<u>Rate</u>
USDA	\$ 252,500	\$ 192,186	6.375%
State of Louisiana	75,049	75,049	0
State of Louisiana	72,975	72,975	0
Total	\$ 400,524	\$ 340,210	

The USDA note payable is a 40 year term note secured by water system assets. The note matures in December, 2030.

**PLEASANT HILL-CROSSROADS, LOUISIANA**

**Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2009**

Following is a schedule of maturing principle and interest of the USDA note:

2010	\$17,700
2011	17,700
2012	17,700
2013	17,700
2014	17,700

The State of Louisiana notes payable are for line relocations that were billed to the Water System for work done by the state in prior years. The Water System is in discussion with the State of Louisiana on these notes.

**16. Property and Equipment**

All property and equipment are stated at historical cost. Depreciation is charged as an expense against operations and has been provided over the estimated useful lives using the straight-line method. The estimated lives are as follows:

Water Well	40 years or 25 years
Water Distribution System	40 years

The following is a summary of property and equipment, at cost, at December 31, 2009:

	Cost	Accumulated Depreciation	Net
Land	\$ 2,000	\$ -	\$ 2,000
Waterwells	555,629	(85,285)	470,344
Water Distribution System	450,865	(228,250)	222,615
Total Property, Plant, and Equipment	<u>1,008,494</u>	<u>(313,535)</u>	<u>694,959</u>

Depreciation expense for the current year is \$17,970. Maintenance and repairs are charged to operations when incurred. When plant and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation are relieved, and any gain or loss is included in activities.

# Kenneth D. Folden & Co.

Kenneth D. Folden, CPA

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors of  
Pleasant Hill-Crossroads Water System, Inc.

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Pleasant Hill-Crossroads Water System Inc, the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Pleasant Hill-Crossroads Water System Inc.'s compliance with certain laws and regulations during the year ended December 31, 2009 included in the accompanying *Louisiana Attestation Questionnaire*. Management of Pleasant Hill-Crossroads Water System Inc. is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### *Federal, State, and Local Awards*

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year. Pleasant Hill-Crossroad Water System Inc.'s state award expenditures for all state programs for the fiscal year follow:

Federal, State, or Local Grant Name	Grant Year	CFDA No. (if applicable)	Amount
LOUISIANA FP&C NO.5-J64-06B-02	2009		\$245,367.64
Total Expenditures			<u>\$245,367.64</u>

2. For each federal, state, and local award, we randomly selected 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.

Six disbursements were randomly selected from payments made with grant funding.

3. For the items selected in procedure 2, we traced the six disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the six disbursements were properly coded to the correct fund and general ledger account.

All of the payments were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the six disbursements received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and the president of the board.

6. For the items selected in procedure 2: For state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed:

We reviewed the previously listed disbursements for types of services allowed or not allowed. All selected disbursements met the goals of the grant.

Eligibility:

We reviewed the previously listed disbursements for eligibility requirements. All disbursements selected met the eligibility requirements of the grant.

Reporting:

We reviewed the previously listed disbursements for reporting requirements. All the selected disbursements were traced to requests for disbursements and traced to payment advice to bank.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the close-out report, when required, with the agency's financial records to determine whether the amounts agree. The six disbursements selected were for a water well completed in November, 2009. The disbursements were in accord with the requirements of the grant.

#### *Open Meetings*

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Pleasant Hill-Crossroads Water System, Inc. is only required to post a notice of each meeting and the accompanying agenda on the door of the Pleasant Hill-Crossroads Water System, Inc.'s office building. The Board of Directors was not aware of this requirement. Notice of future meetings will be posted as required.

#### *Budget*

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Pleasant Hill-Crossroads Water System, Inc. provided a budget to the applicable state grantor agency for

the grant received. This budget specified the anticipated use of the grant funds, estimates of the duration of the projects, and plans showing specific goals and objectives and measures of performance.

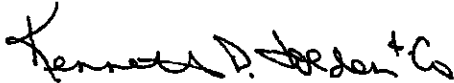
*Prior Comments and Recommendations*

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

There were no prior-year suggestions, recommendations, or comments.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Pleasant Hill-Crossroads Water System, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in dark ink, appearing to read "Kenneth D. Folden + Co".

KENNETH D. FOLDEN & CO.

May 15, 2010

**Pleasant Hill - Crossroads Water System, Inc.  
Joyce, Louisiana**

**Schedule of Findings  
For the Years Ended December 31, 2009**

**A. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**Current Year**

No findings.

**Prior Year**

**2008-1-Untimely Filing of Report**

The Pleasant Hill-Crossroads Water System, Inc. did not have annual financial statements filed within six months of the close of the year as required by law.

**Management Response**

Practices have been put in place that will ensure future required filings will be submitted in a timely manner, and within the time frame required by state law.



PLEASANT HILL-CROSSROADS WATER SYSTEM INC.

LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Quasi-public Agencies)

\_\_\_\_\_ (Date Transmitted)

Kenneth D. Folden & Co. CPAs

302 8<sup>th</sup> Street  
Jonesboro, LA 71251

In connection with your review of our financial statements as of December 31, 2009 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of May 1, 2010.

**Federal, State, and Local Awards**

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [☒] No [ ]

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [☒] No [ ]

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [☒] No [ ]

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [☒] No [ ]

### Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Yes [ ] No [☒]

### Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [☒] No [ ]

### Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [☒] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

5-13-10 Secretary Louis Jordan  
Date  
5-13-10 Treasurer Kathy Daugat  
Date  
5-13-10 President Willie Roberts  
Date